

Decision No. C23-0272

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

PROCEEDING NO. 23A-0136T

IN THE MATTER OF THE JOINT APPLICATION OF ALLO COMMUNICATIONS, LLC AND ALLO INFRASTRUCTURE HOLDCO, LLC FOR APPROVAL OF PROPOSED CHANGES IN THE OWNERSHIP OF ALLO COMMUNICATIONS, LLC TO EXECUTE A TRANSFER.

**COMMISSION DECISION
APPROVING JOINT TRANSFER**

Mailed Date: April 26, 2023
Adopted Date: April 26, 2023

I. BY THE COMMISSION

A. Statement

1. This matter comes before the Commission for consideration of a Joint Application filed by Allo Communications LLC (ALLO) and Allo Infrastructure HoldCo, LLC (Allo Infrastructure), on March 20, 2023.

2. The Applicant's requests Commission authorization for the approval of the transfer of the Certificate of Public Convenience and Necessity (CPCN) and Letter of Registration (LOR), (held by ALLO to Allo Infrastructure) herein referred to as the Transfer. The Transfer, as represented in the filing, is to better align ALLO's businesses and to obtain more favorable financing terms. After obtaining regulatory approvals, ALLO and the ALLO Subsidiaries will engage in a series of intra-company transactions that will result in the transfer of certain assets, including the CPCN and LOR held by ALLO, between ALLO and ALLO Subsidiaries. The Transfer will result in no change of ownership of ALLO.

3. We will construe this filing as an application for approval of the Transfer, including Commission issued telecommunications authorities held by ALLO pursuant to 4 *Code of Colorado Regulations* 723-2-2110 of the Commission's Rules Regulating Telecommunications Services and Providers of Telecommunications Services.

4. ALLO was granted a Certificate of Public Convenience and Necessity (CPCN) and acquired a Letter of Registration (LOR) for the provision of switched access service in Proceeding No. 03A-143T with Decision No. C03-0533 on May 19, 2003. ALLO offers competitive local telephone, long distance, broadband, Internet, and television services.

5. Allo Infrastructure is a limited liability company organized under the laws of the state of Delaware. Allo Infrastructure does not hold any Commission issued telecommunications authority.

6. ALLO Asset Entity 1, LLC (ALLO Asset) is a limited liability company organized under the laws of the state of Delaware.

7. Applicants request Commission approval of the transfer of ALLO, including its Commission issued authorities, to Allo Infrastructure with ALLO continuing to exist as a separate entity.

8. On March 21, 2023, a notice of the Joint Application was provided to all persons, firms, or corporations interested in or affected by the grant or denial of the requested relief. Interventions were due on or before April 20, 2023. No interventions were filed.

9. On March 30, 2023, ALLO and Allo Infrastructure filed a supplement, correcting their originally filed organizational chart.

10. On April 17, 2023, ALLO and Allo Infrastructure filed a supplement stating its willingness to provide financial assurance based on Commission staff calculations. Allo Infrastructure agrees to provide the Commission with financial assurance in the form of a bond or letter of credit in the amount of \$50,000 as a condition for its transfer request.

B. Discussion

11. The Commission has jurisdiction over this Joint Application pursuant to §§ 40-5-105, 40-15-204, and 40-15-303, C.R.S.

12. The application contains all of the information required by the applicable Commission Rules and is therefore deemed complete.

13. The application is unopposed and therefore may be considered without a formal hearing, pursuant to § 40-6-109(5), C.R.S.

14. Applicants request Commission approval of the change of control of ALLO to Allo Infrastructure. Allo Infrastructure does not hold any Commission issued telecommunications authorities.

15. The application represents that the Transfer will not result in any change to the management of ALLO and thus Allo Infrastructure will continue to have the managerial, technical, and financial qualifications to provide communications services to its customers. The transfer of control will appear seamless to ALLO's customers. After obtaining regulatory approvals on or about May 2, 2032, ALLO and Allo Subsidiaries will engage in a series of intracompany transactions that will result in the transfer of certain assets between ALLO and Allo Subsidiaries.

16. ALLO is a competitive provider with Commission issued authorities. Except for limited circumstances (such as for providers that are recipients of state high costs support and for

the provision of basic emergency services), certifications to provide basic local exchange services are no longer regulated by the Commission. *See* § 40-15-401(1)(b), C.R.S. Similarly, the provision of any other emerging competitive services such as advanced features, premium services, intraLATA toll, non-optional operator services, and private line services, except switched access services and basic emergency services, are no longer regulated by the Commission. *See* §§ 40-15-401(1)(e), (k), (n), (o), (s), (t), C.R.S. Consequently, the Commission does not have the authority to approve the transfers of the CPCNs or those parts of the LORs addressing advanced features, premium services, intraLATA toll, non-optional operator services, and private line services.

17. Switched access services and the provision of basic emergency services have not been deregulated. As a result, we have the authority to review and approve/deny the transfers and encumbrances of the part of authorities held by providers that address those services.

18. We remind applicants that public utilities remain subject to Commission oversight that includes but is not limited to reporting and payment obligations to the Colorado High Cost Support Mechanism and the Telecommunications Relay Services Program.

19. The applicants have provided additional information contained in Rule 2103 for Allo Infrastructure in order for the Commission to consider the grant of authority to transfer the authority held by ALLO. As a recently formed company, Allo Infrastructure does not yet have its own financial statements. The Commission may require that a company provide financial assurance in the form of a bond or other security as a condition of obtaining a Commission operating authority. Allo Infrastructure agreed to provide such financial assurance.

20. We find that the proposed transfer of the telecommunications authorities held by ALLO to Allo Infrastructure is not contrary to the public interest and therefore grant the

Joint Application for transfer to that extent. Entities that hold Commission issued authorities remain obligated to comply with any applicable requirements or regulations as stated in Article 15 of Title 40.

21. Due to the financial information provided by Allo Infrastructure, we conclude that financial assurance for the issuance of a transfer of assets, including Commission issued authorities, is necessary and appropriate in the form of either a bond or a letter of credit. Allo Infrastructure shall be required to be posted with the Commission under the terms and conditions specified in the Attachments to this Decision. The issuance of a bond or letter of credit is consistent with previously issued Commission decisions granting CPCNs when financial fitness is an issue. Section 40-15-503.5, C.R.S., and Commission Rule 2111 allow the Commission to impose a bond or other security as a condition of obtaining an operating authority.

22. With the transfer of authorities from ALLO, Allo Infrastructure must: (1) file a bond or letter of credit consistent with the terms and conditions in the Attachments to this Decision within 60 days of the effective date of this Decision; and (2) comply with all applicable statutory and regulatory requirements pursuant to Rule 2103(a)(XVI), 4 CCR 723-2.

II. ORDER

A. The Commission Orders That:

1. The joint application to transfer filed by ALLO Communications LLC and Allo Infrastructure Holdco, LLC is granted with the conditions included herein) deemed complete. The request to transfer, including the Commission issued authorities held by ALLO Communications LLC to Allo Infrastructure Holdco, LLC is granted.

2. Allo Infrastructure shall file with the Commission, financial assurance in the form of a bond or letter of credit within 60 days of the effective date of this Decision consistent with the terms and conditions as described in the Attachments to this Decision.

3. If Allo Infrastructure fails to file financial assurance within 60 days from the Mailed Date of this Decision, this request to transfer shall be deemed null and void without further action of the Commission. For good cause shown, and if a proper request is filed within 60 days of the Mailed Date of this Decision, the Commission may grant additional time within which to file financial assurance.

4. ALLO and Allo Infrastructure or their authorized representatives shall jointly notify the Commission if the transfer has been terminated or is not completed within 60 days of the proposed effective date stated in the application or if the proposed transfer terms are changed prior to the consummation date. The notice shall include the proceeding and decision numbers which granted the authority to execute the transfer.

5. The 20-day period provided for in § 40-6-114, C.R.S., within which to file applications for rehearing, reargument, or reconsideration begins on the first day following the effective date of this Decision.

6. This Decision is effective on its Mailed Date.

**B. ADOPTED IN COMMISSIONERS' WEEKLY MEETING
April 26, 2023.**

(S E A L)



ATTEST: A TRUE COPY

A handwritten signature in cursive script, appearing to read "G. Harris Adams".

G. Harris Adams,
Interim Director

THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

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Commissioners

COMMISSIONER TOM PLANT ABSENT